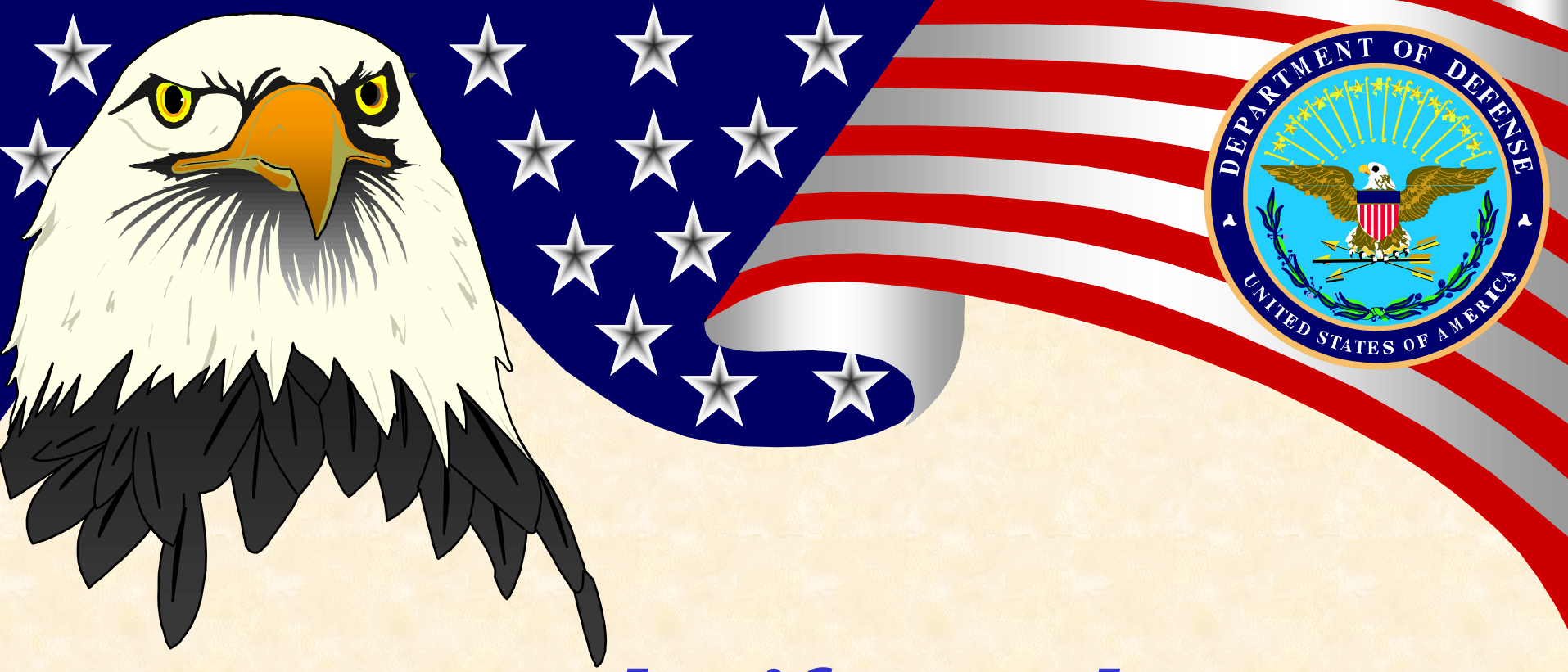


Total Life Cycle Systems Management

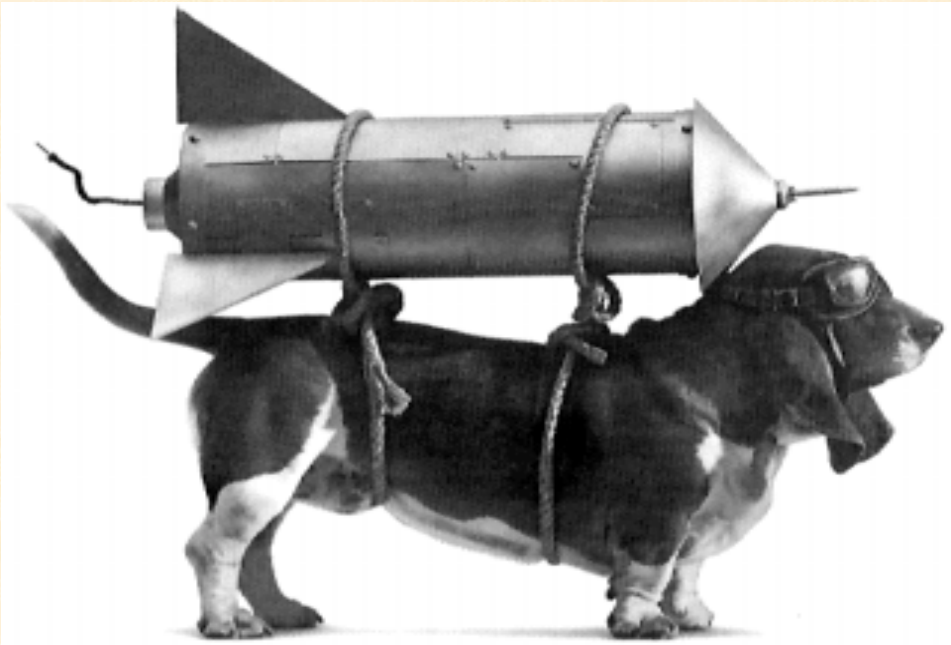
Tony Stampone OADUSD/LPP

October 29, 2002

Old Dog + New Trick = ?

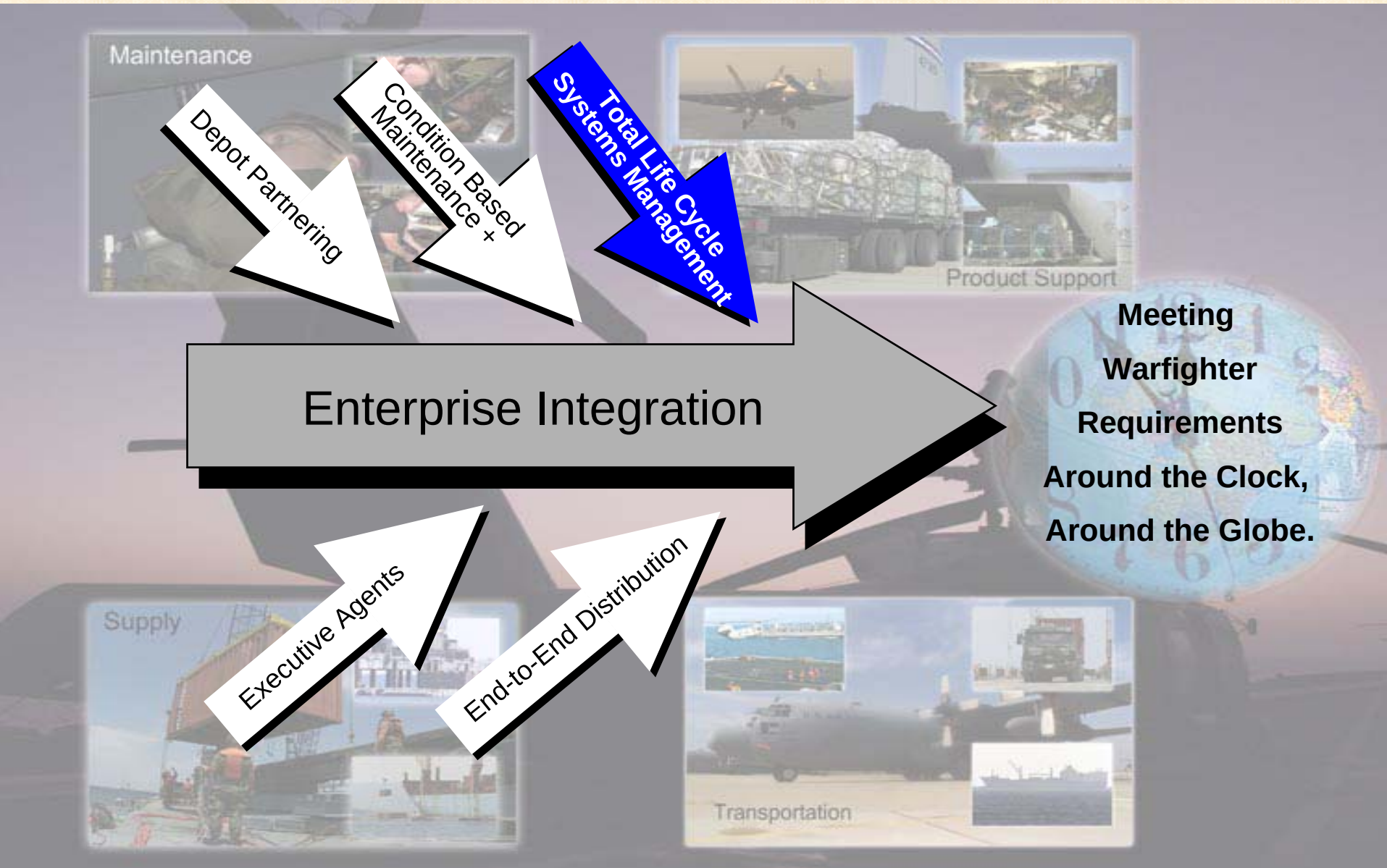
ENF- I
Enhanced Newspaper Fetcher

BLOCK I
Mod Upgrade



Innovative Technology Insertion

Future Logistics Enterprise



Current Life Cycle Challenges

$62B

High Weapon System Sustainment Cost

Business Case Analyses for Support Decisions Lack Verifying Data

New Logistics Processes, Policies, and Initiatives are Critical!!

PM Training Needed For Life Cycle Mgmt Role

CWT=18 Days

Inefficient End-to-End Supply Support

Requirements Process that emphasizes performance – not sustainment

Policy needs to reflect New strategies

Requires a New STRUCTURE and STRATEGY for SUPPORT

STRUCTURE

Designate a Single Point of Accountability for the Weapon System from Cradle to Grave

Total Life Cycle Systems Management

TLCSM

STRATEGY

Buy Weapon System Support As an Integrated Package, vice Segmented Functions

Performance Based Logistics

PBL

TLCSM

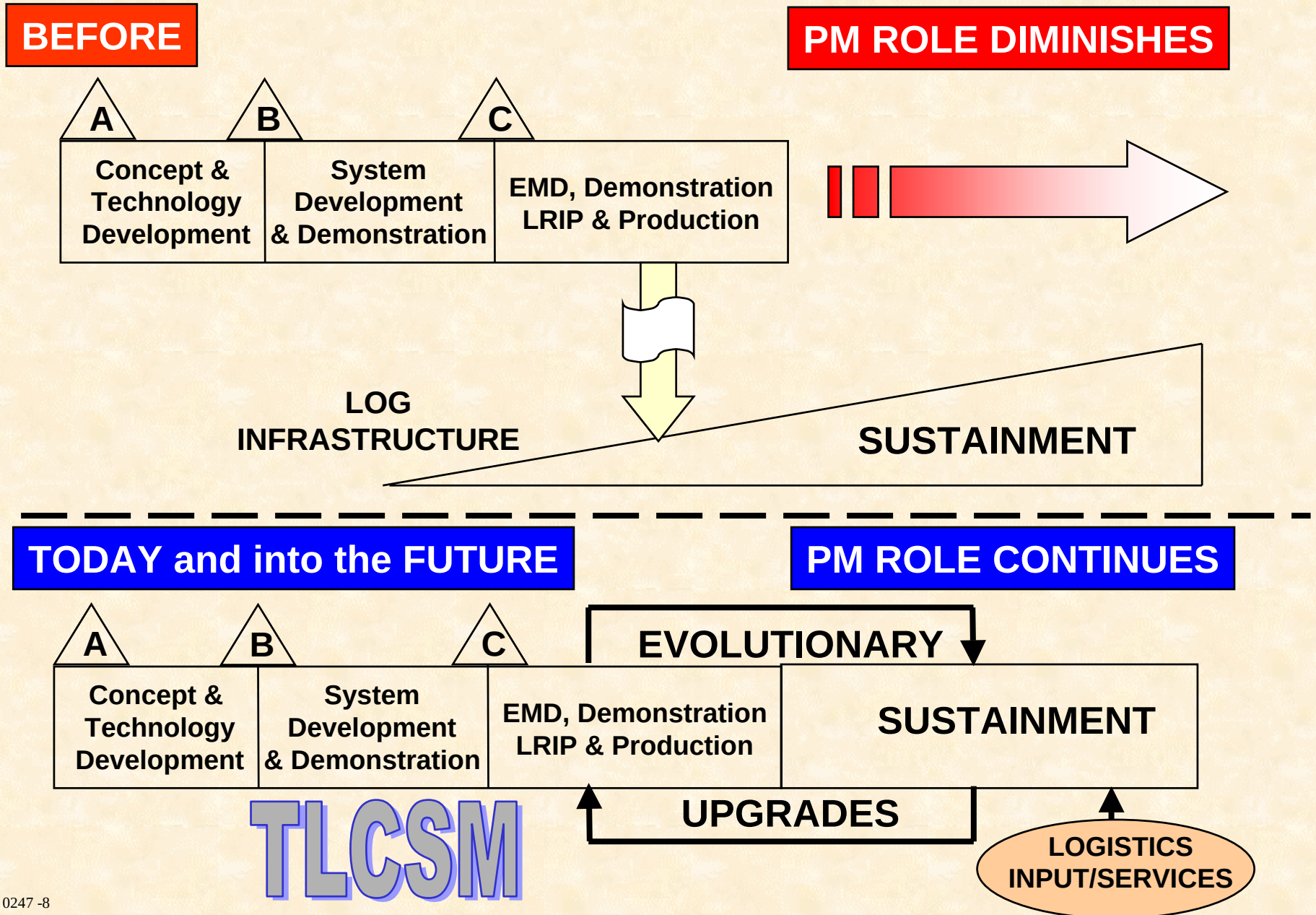
The implementation, management, and oversight, by the designated Program Manager, of all activities Associated with the Acquisition, Development, Production, Fielding, Sustainment, and Disposal of a DoD Weapon system across its life cycle

Total Life Cycle Systems Management Desired End State

Program Managers responsible for the overall management of the weapon system life cycle to include:

- **Timely acquisition of weapon systems meeting warfighter performance requirements**
- **Integration of sustainability and maintainability during acquisition process**
- **Weapon system sustainment to meet or exceed warfighter performance requirements at best value to DoD (and appropriate visibility)**

Program Management Focus



Performance-Based Logistics

A STRATEGY for weapon system product support that employs the purchase of support as an integrated, affordable performance package designed to optimize system readiness. It meets performance goals for a weapon system through a support structure based on long-term performance agreements with clear lines of authority and responsibility

Performance-Based Logistics

INDUSTRY/ORGANIC

Support Provider

Buys Performance As a Package
(Including Surge/Flexibility)

Weapon System Management

Warfighter/Force Provider

Ensure System is Sustained at optimum Level per PA

Provide continuous, Reliable, affordable Support per PA

Acquisition ***Sustainment*** ***Disposal***

Visibility into cost/risk decisions across life cycle

Performance Agreements

- Warfighter Focused – High Level Metrics
- Documents the negotiated range of support metrics necessary to meet operational objectives
  - Expectations
  - Range of performance
  - Peace and War
- Involves and is recognized by all appropriate stakeholders
  - Service corporate structure
  - Logistics providers
  - Customers
- Synchronizes allocated resources (corporate decision process) with service level expectations

Managed By

PM

Major Initiative Areas

- *Policy:* **TLCSM and PBL**
- *Guidance:* **For PMs and workforce**
- *Requirements:* **Emphasis on sustainment criteria**
- *Financial Processes:* **Enabling TLCSM**
- *Education and Training*: **For PMs and Staff**
- *PBL Implementation:* **Direction and Tasking**

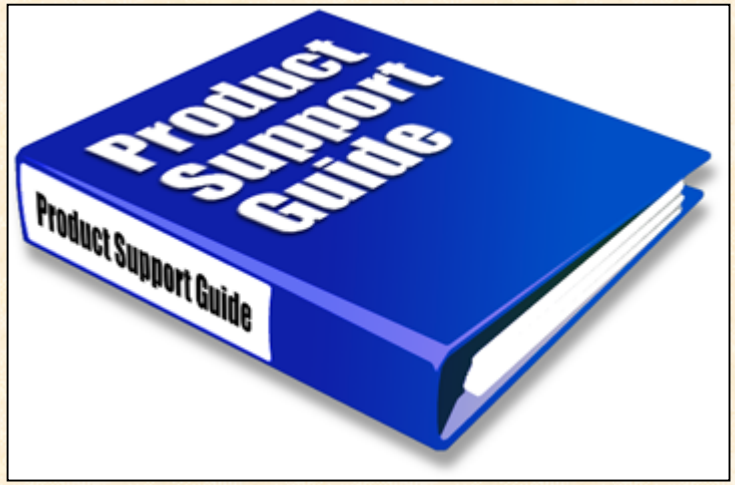
DOD 5000-Series Logistics Revisions

Policy	Old Wording	Proposed Revisions
DODD 5000.1	Logistics Transformation	Delete: Logistics Transformation Add: - TLCSM and PBL - PM as TLCSM
DODD 5000.2	Limited Sustainment Section	Add: - Sustainment description - Performance Agreements - CBM+/SIM - Partnering - Services Document Sustainment Procedures
DODD 5000.2-R Move to Handbook	Support Strategy as a part of Acquisition Strategy	Add: - PBL described in detail - Cost-effective strategies across entire Service - Reducing Log footprint - Contractors on Battlefield - Compliance with Service Minimum Essential Mil Capabilities - Service-level TLCSM Reviews

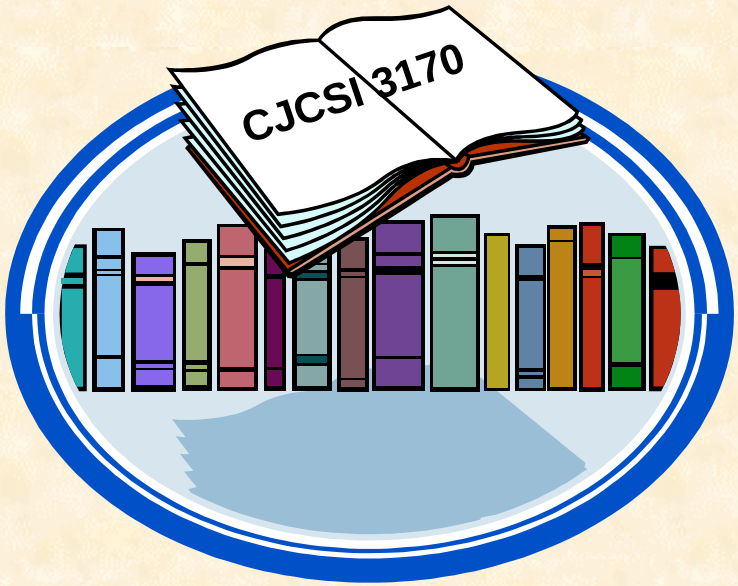
Continuing to incorporate Service comments and concerns through DAPWG process!

Guidance: Product Support Guide

- Intended for Program Managers and staff, but…
- Useful for Industry, Engineers, and Logisticians
- Goes beyond policy
- Provides detailed explanations of terms, initiatives, and objectives
- More “how to” than “you shall”
- Continuously updated



Emphasizing Support Requirements

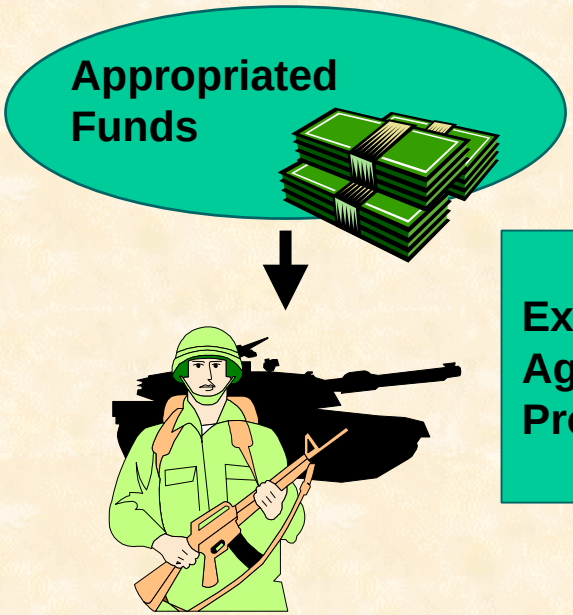


- Updated CJCSI 3170 and JROC Administrative Guide to include increased emphasis on supportability/sustainment parameters in Operational Requirements Documents (ORDs)

- Provided input to J-8 – very supportive
- In formal staffing
- Update scheduled for Nov/Dec

Financial Process Strategy

Enabler vs. Disabler



Force Provider

- Operational commands define requirements
- Defines acceptable range of performance
- Advocates for required funds
  - through Service PPBS process
  - by platform
- Buys performance as a package
- Retain direct management of
  - Fuel
  - I and O maintenance
  - Base operations

Program Manager

- Provides performance as a "package" IAW Force Provider's requirements
- Develops Performance Agreements with Logistics support providers
- Estimates annual cost based on operational requirements
- Receives funds from Force Provider to execute PA within fiscal constraints

Workforce for 21st Century

VISION

A future Acquisition workforce that will be smaller, highly talented and motivated, adaptable, knowledgeable of commercial practices and information technology and able to operate in a dynamic environment.

LOGISTICS WORKFORCE CHARACTERISTICS

- **Professional Certification of Acquisition and Sustainment Logisticians**
- **Logisticians with Master's Degrees in Systems Engineering**
- **Life cycle thinkers capable of interplay with other fields**
- **Government-Industry Interchangeability**

Program Manager (PM) Education and Training

DAU PMT 352 Logistics Emphasis

- Old course (PMT 302)
  - 14 weeks resident
  - 21 hours of logistics curriculum
- New Course (PMT 352)
  - 50 hours Distance Learning
    - ✓ Two modules dedicated to logistics (10 hours)
    - ✓ Other modules reflect supportability attention
  - 12 Exercises
    - ✓ 10 have logistics role
    - ✓ Over 100 hours of potential logistics/sustainment
- New PMT 352 launched June 17, 2002

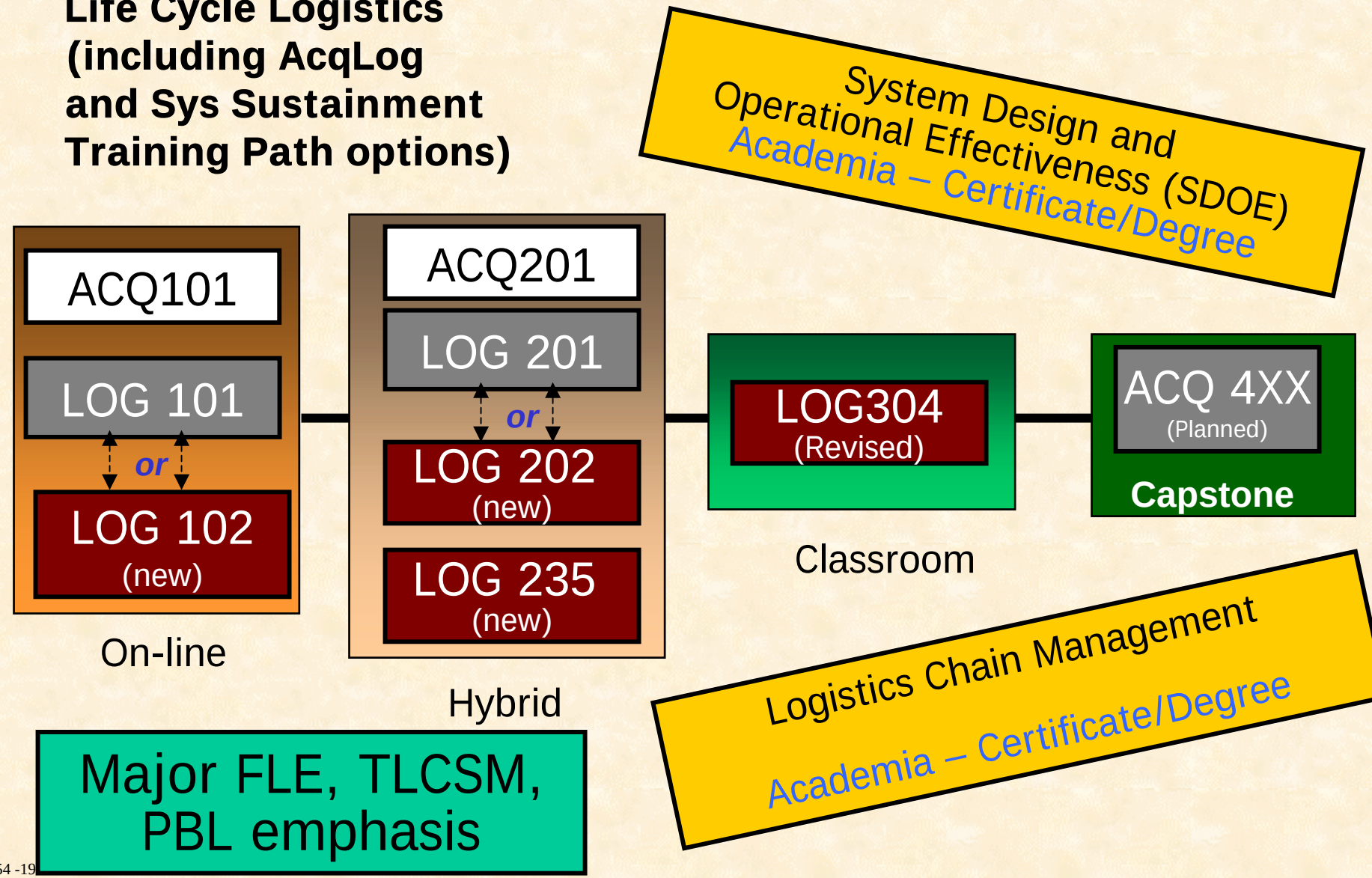
Logistics Content 5%

Logistics Content 15%

Plans to increase TLCSM/PBL content in other DAU PM curriculum

DAU Logistics Training And Partnership Training

Life Cycle Logistics (including AcqLog and Sys Sustainment Training Path options)



PBL Implementation

DPG and QDR PBL Guidance

Quadrennial Defense Review (30 September 2001)

Performance-Based Logistics and modern business systems with appropriate metrics can eliminate many non-value-added steps. DoD will implement Performance-Based Logistics to compress supply chain and improve readiness for major weapon systems and commodities.

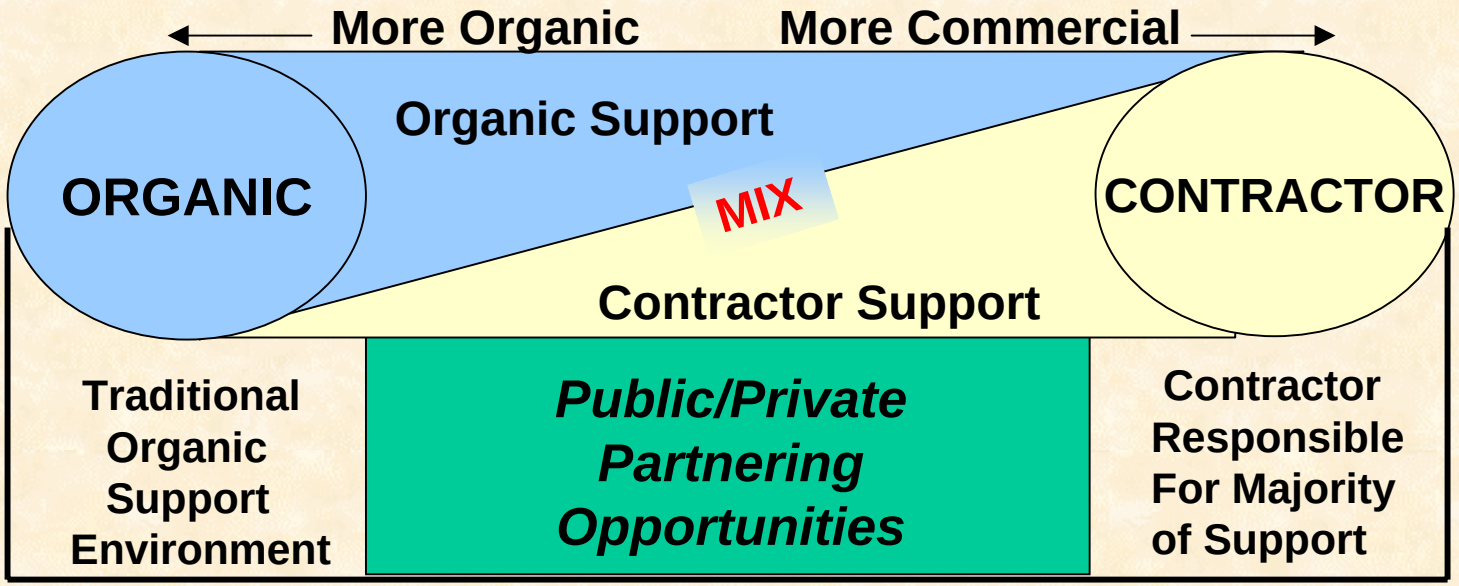
FY 03-07 Defense Planning Guidance

Plans will identify the implementation schedule for applying Performance-Based Logistics to all new weapon systems and Acquisition Category (ACAT) I and II fielded systems by March 1, 2002.

Service PBL Implementation Plans

- **FY03 DPG mandated implementation of Performance Based Logistics (PBL) to improve weapons systems readiness**
- **FY03 DPG required each Military Department to submit a PBL Implementation schedule for applying PBL to all new weapons systems and all ACAT I and II fielded systems**
  - Strategic guidance and business case analysis
  - Enablers and barriers
  - Implementation schedule
  - Exclusions and rationale
- **PMs required to plan for life cycle product support**
  - PBL is the preferred support strategy

Spectrum of PBL Strategies



PBL strategies will vary along this spectrum depending on:

- Age of System (Phase in Life Cycle)
- Existing Support Infrastructure
- Organic & Commercial Capabilities
- Legislative and Regulatory Constraints

No "One Size Fits All"

Examples:

- Total System Performance Responsibility (TSPR)
- Industry Partnering
- Service Level Agreements
- Performance-based Agile Logistics Support (PALS)
- Prime Vendor Support (PVS)
- Contractor Delivery System (CDS)
- Performance Plans
- MOU with Warfighter

PBL Successes

H-60 R-TOC Pilot

- Estimated $400M RTOC
- Increase parts availability rate from 73% to 90%
- "No cost" reliability improvements
  -50% increase MTBF on FLIR
- Government-Industry Partnership

C-17

- Flexible sustainment strategy
- Boeing/USAF/DLA partnership
- Exceeding current performance requirement
- Successfully supported Kosovo Air Campaign and Operation Enduring Freedom

M-1 Abrams R-TOC and Product Support Pilot

- Reduction of total ownership costs of 20% by FY 05
- Potential of $17B O&S cost reduction over the 30-year remaining life
- Partnership among PM, industry, and Army Materiel Command

Advanced Amphibious Assault Vehicle (AAAV) Life Cycle Support

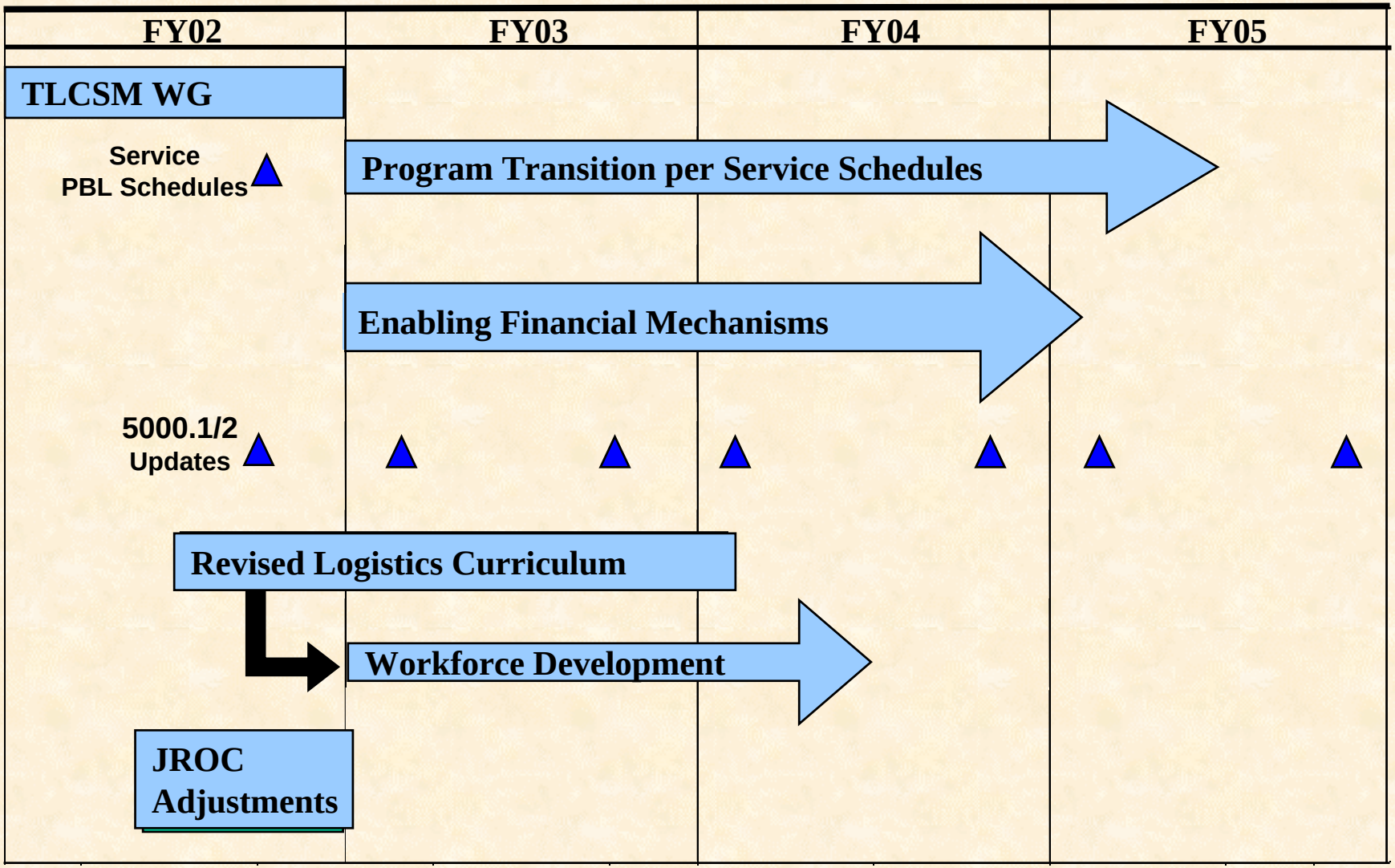
- Estimated $240M Cost Avoidance over life cycle
- Embedded Training
- PM Life Cycle Oversight
- Competitive sourcing

Migration to the FLE End State

FIELDED	CURRENT	FUTURE
 F-18 C/D	 F-18 E/F	 JSF
 DDG	 LPD-17	 DDX
 BRADLEY	 Stryker	 FCS
• Transaction-based • Fractured Supply Chains • Random Failures • Batch Process orders • Limited Accountability	• Performance-Based • Integrated Chains • Fleet Management • Integrated Systems • PM Accountability	• Capability-Based • Industrial Integration • Autonomic Logistics • End-to-End Solutions • Single-Line Accounting

	2000	2010
Response Time:	*16 days*	*5-8 days*	*1-5 days*

TLSCM Road Ahead



On Schedule!